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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended April 19, 1992

Commission file number 0-18629

O'Charley's Inc.
(Exact name of registrant as specified in its charter)

Tennessee	62-1192475
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3038 Sidco Drive, Nashville, Tennessee (Address of principal executive offices)	37204 (Zip Code)

(615) 256-8500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Class	Outstanding as of May 29, 1992
Common Stock, no par value	4,073,050 shares

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O'Charley's Inc.

Form 10-Q

For Quarter Ended April 19, 1992

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Part I. Financial Information

Item 1. Financial Statements

O'Charley's Inc.

Balance Sheets

(in thousands)

	April 19, 1992 (unaudited)	December 29, 1991 (audited)
Assets		
Current Assets:		
Cash and cash equivalents	$78	$1,650
Accounts receivable	823	587
Due from related parties	1,057	684
Inventories	2,630	2,309
Preopening costs	568	716
Other current assets	628	235
Total current assets	5,784	6,181
Property and Equipment, net	29,245	27,111
Other Assets	961	662
	$35,990	$33,954
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	$2,552	$1,118
Accrued payroll and related expenses	1,038	996
Accrued expenses	220	422
Federal, state and local taxes	750	864
Current portion of long-term debt and capitalized leases	930	973
Total current liabilities	5,490	4,373
Deferred Income Taxes	749	695
Long-Term Debt	784	805
Capitalized Lease Obligations	2,963	2,837
Shareholders' Equity:		
Common stock - No par value;authorized, 10,000,000 shares; issued and outstanding, 4,026,550 in 1992 and 3,951,350 in 1991	22,986	22,701
Retained earnings	3,018	2,543
	26,004	25,244
	$35,990	$33,954

See notes to financial statements.

O'Charley's Inc.
Statements of Earnings
Sixteen Weeks Ended April 19, 1992 and April 21, 1991

(unaudited)

	1992	1991
	(in thousands, except per share data)	
Revenues:		
Restaurant sales	$18,363	$14,009
Commissary sales	2,697	2,136
Franchise revenue	92	96
	21,152	16,241
Costs and Expenses:		
Cost of restaurant sales:		
Cost of food, beverage and supplies	6,832	5,189
Payroll and benefits	5,519	4,334
Restaurant operating costs	3,063	2,558
Cost of commissary sales	2,533	1,981
Advertising, general and administrative expenses	1,363	1,061
Depreciation and amortization	967	645
	20,307	15,768
Income from Operations	845	473
Other(Income)Expense:		
Interest expense	171	96
Interest income	(25)	(115)
Other, net	(52)	(56)
	94	(75)
Earnings Before Income Taxes	751	548
Income Taxes	276	201
Net Earnings	$475	$347
Earnings per Common Share	$0.11	$0.09
Weighted Average Common Shares Outstanding	4,392	4,031

See notes to financial statements.

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O'Charley's Inc.

Statements of Cash Flows

Sixteen Weeks Ended April 19, 1992 and April 21, 1991

(unaudited)

	1992	1991
	(in thousands)	
Cash Flows from Operating Activities:		
Net earnings	$475	$347
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Depreciation and amortization	671	483
Amortization of preopening costs	296	162
Increase in deferred income taxes	54	150
Changes in assets and liabilities, net of effects from purchase acquisitions:		
(Increase) decrease in accounts receivable	(236)	23
Increase in due from related parties	(373)	(144)
Increase in inventories	(321)	(317)
Additions to preopening costs	(149)	(208)
Increase in other current assets	(393)	(116)
Increase in accounts payable	1,434	68
Decrease in accrued payroll and expenses	(273)	(453)
Total adjustments	710	(352)
Net cash provided (used) by operating activities	1,185	(5)
Cash Flows from Investing Activities:		
Additions to property and equipment	(2,370)	(2,706)
Acquisition of franchises	-	(269)
Other, net	(109)	(6)
Net cash used by investing activities	(2,479)	(2,981)
Cash Flows from Financing Activities:		
Payments on long-term debt and capitalized lease obligations	(369)	(257)
Exercise of employee incentive stock options	91	-
Net cash used by financing activities	(278)	(257)
Decrease in Cash and Cash Equivalents	(1,572)	(3,243)
Cash and Cash Equivalents at Beginning of the Period	1,650	7,016
Cash and Cash Equivalents at End of the Period	$78	$3,773

See notes to financial statements.

O'Charley's Inc.
Notes To Unaudited Financial Statements
Sixteen Weeks Ended April 19, 1992 and April 21, 1991

A. Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and in accordance with Rule 10-01 of Regulation S-X.

In the opinion of management, the unaudited interim financial statements contained in this report reflect all adjustments, consisting of only normal recurring accruals which are necessary for a fair presentation of the financial position and the results of operations for the interim periods presented. The results of operations for any interim period are not necessarily indicative of results for the full year.

These financial statements, footnote disclosures and other information should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 29, 1991.

O'Charley's Inc.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Sixteen Weeks Ended April 19, 1992 and April 21, 1991

Results of Operations

General. The Company's revenues are derived primarily from Company-owned restaurant sales and commissary sales. The Company also receives a small percentage of its revenues from franchise fees. Cost of restaurant sales relates directly to Company-owned restaurants, while commissary cost of sales relate to commissary sales to third parties, including the Company's franchisees. All other expenses relate to total revenue. The Company's revenues and expenses are affected by the number of new restaurants and the timing of their openings. The timing of restaurant openings can affect the average volume and other period-to-period comparisons. The first quarter of 1992 and 1991 cover a period of sixteen weeks ending April 19, 1992 and April 21, 1991, respectively.

The following table sets forth the percentage relationship to total revenues, unless otherwise indicated, of certain items included in the Company's statement of earnings.

	Sixteen Weeks Ended	
	April 19, 1992	April 21, 1991
Revenues:		
Restaurant sales	86.8%	86.3%
Commissary sales	12.2%	13.1%
Franchise revenue	0.4%	0.6%
	100.0%	100.0%
Costs and Expenses:		
Cost of restaurant sales:		
Cost of food, beverage and supplies (1)	37.2%	37.0%
Payroll and benefits (1)	33.2%	30.9%
Restaurant operating costs (1)	16.7%	18.3%
Cost of commissary sales (2)	93.9%	92.7%
Advertising, general and administrative expenses	6.4%	6.5%
Depreciation and amortization	4.6%	4.0%
Other(Income)Expense:		
Interest expense	0.2%	0.6%
Interest income	-0.1%	-0.7%
Other, net	-0.2%	-0.3%
Earnings Before Income Taxes	3.6%	3.4%
Net Earnings	2.2%	2.1%

(1) As a percentage of restaurant sales.
(2) As a percentage of commissary sales.

Total revenues for the first quarter 1992 were $21,152,000, an increase of $4,911,000 or 30.2% over the same period in 1991. Company-owned restaurant sales increased 31.1% in the first quarter of 1992 over 1991, and accounted for 88.7% of the increase in total revenues. Franchise revenues decreased slightly; there were no new franchised stores opened during the quarter.

The number of Company owned restaurants increased to 29 from 23 at April 21, 1991. The Company opened one new restaurant during the first quarter of 1992. Same restaurant sales (sales for restaurants opened throughout both periods under comparison) increased 5.6% for the first quarter of 1992 from the comparable period in 1991. The same restaurant sales increase is comprised of a 17% increase in customer counts offset by a 11.4% decrease in the Company's overall check average. Management attributes the increase in customer counts to continued improvements in restaurant operations and marketing programs designed to build customer traffic which were instituted during the second quarter of 1991. Additionally, the Company did experience somewhat lower customer traffic during the first quarter of 1991 due to the Persian Gulf War and the weakened economic conditions. The Company's overall check averages decreased for the fifth consecutive quarter as a result of a lower priced "express" lunch menu, "Kids Eat Free" program and the lower priced "jacket" dinner menu introduced during the second quarter of 1991 and fully implemented during the first quarter of 1992.

Commissary sales for first quarter 1992 increased 26.3% over the same period of 1991, which comprised 11.4% of the total increase in revenues for the quarter. This increase is primarily attributable to sales of food and supplies to a restaurant owned by the Company's President and sales of O'Charley's "pint jar" salad dressings and dips to various grocery stores in Alabama, Georgia, Tennessee and Kentucky. These sales did not exist in the first quarter of 1991.

Cost of restaurant sales (including cost of food, beverage and supplies, payroll and benefits and restaurant operating costs) as a percentage of restaurant sales decreased to 84.1% in first quarter 1992 from 86.2% for the same period in 1991. The Company's commissary purchases and distributes a major portion of food and supplies used in the Company's restaurants. Cost of food, beverage and supplies increased slightly as a percentage of restaurant sales and is attributable to higher food cost as a result of the Company's promotion of a lower priced dinner menu and somewhat higher produce cost.

Payroll and benefits as a percentage of restaurant sales decreased to 30.2% for the first quarter of 1992 from 30.9% for the same period in 1991. While overall employee benefit cost and bonus compensation continue to increase, the improvement in same restaurant sales and gains in overall restaurant sales volumes more than offset the increases in benefit and labor cost as a percentage of restaurant sales.

Restaurant operating costs, which consist primarily of repair, maintenance, utilities, outside services, rent, insurance and supervisory cost, decreased to 16.7% as a percentage of restaurant sales in the first quarter of 1992 from 18.3% in 1991 because certain fixed operating costs did not increase in proportion to the increase in same store sales and overall restaurant sales volumes. Rent expense as a percentage of restaurant sales decreased due to the Company's ownership of the land and buildings of the last six restaurants opened while previously the Company had leased the majority of its restaurants.

Cost of commissary sales as a percentage of commissary sales increased in the first quarter of 1992 to 93.9% from 92.7% for the first quarter of 1991 due to a decrease in product cost offset by increases in labor and overhead expense. Food

cost decreased due to the increased buying power of the commissary. Labor cost and overhead expenses including maintenance and utility costs increased due to the expansion of the commissary's warehouse and production facilities. The expanded facility was required to meet distribution and production demands for increased sales to Company owned restaurants and third party sales. Additionally, overhead expense increased due to higher truck and fuel expense as a result of more frequent deliveries per week to each Company owned store.

Advertising, general and administrative expenses decreased slightly as a percentage of total revenue in the first quarter of 1992 to 6.4% from 6.5% in 1991. While advertising and marketing expenses increased as a percentage of sales, general and administrative expenses did not increase in proportion with the increase in total revenues thus lowering the percentage cost.

Depreciation and amortization increased as a percentage of total revenue in the first quarter of 1992 to 4.6% from 4.0% in the first quarter of 1991. This increase is attributable to a large increase in restaurant preopening amortization as a result of increases in preopening cost incurred in new geographical markets.

Interest expense increased to $171,000 in the first quarter of 1992 from $96,000 for the same period in 1991. This increase is attributable to increased borrowings to finance furniture, fixtures and equipment for Company restaurants opened since the first quarter of 1991.

Interest income decreased in the first quarter of 1992 as compared to the same period in 1991 as a result of the decrease in the amount of invested cash funds.

Liquidity and Capital Resources

The Company's working capital ratio was 1.1 to 1 at April 19, 1992 compared with 1.4 to 1 at December 29, 1991. This decrease in working capital is primarily attributable to the use of funds for capital expenditures.

The Company currently anticipates opening a total of five Company-owned restaurants in 1992. During the first quarter of 1992, the Company had capital expenditures for construction of new restaurants in Jackson, Tennessee, which opened March 23, 1992, and Florence, Kentucky which is expected to open in June 1992. The Company also had capital improvements for existing restaurants and the Company's commissary and corporate office facilities. Total capital expenditures for the first quarter of 1992 were approximately $2,800,000. The Company expects to spend approximately $5,100,000 during the remainder of 1992 to acquire and construct additional restaurant facilities and for improvements to existing facilities. The Company has no material long-term capital commitments.

The Company believes that available cash, cash generated from operations and available credit facilities will be sufficient to finance its operations and anticipated growth through the end of the 1992 fiscal year.

The Company has three lines of credit facilities totaling $8 million which bear interest at the variable rates of 1/2% to 1% over the bank's prime lending rate. The revolving credit facilities require the Company to maintain certain levels of net worth and to comply with certain other financial covenants. During the quarter ended April 19, 1992, there were no borrowings on these lines of credit and the Company was in compliance with financial and loan covenants contained in the revolving credit agreements.

On June 1, 1992, the Company entered into a letter of intent to establish a partnership to acquire an existing Logan's Roadhouse restaurant from the Company's President and to develop up to five additional Logan's Roadhouse restaurants over a five year period. The Company will own 20% of the partnership and a group of investors, including the Company's President and Chief Operating Officer, will own 80% The Company has committed to provide financing for the land, buildings and for leasehold improvements for the first five restaurants, and to assist the partnership in obtaining financing for certain furniture, fixtures, equipment and preopening costs for such restaurants for a fee. The Company has the option following the development of five Logan's Roadhouse restaurants to acquire the remaining 80% of the partnership at 75% of its fair market value at the time of exercise. Management expects that the total five year capital commitment will not exceed $3,750,000, and will not materially affect the Company's ability to develop O'Charley's restaurants.

Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(10) Letter of Intent dated June 1, 1992 between O'Charley's, Inc. and Logan's Management, Inc.

(11) Computation of Earnings per Common Share.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the sixteen weeks ended April 19, 1992.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

O'Charley's Inc.
(Registrant)

Date: June 2, 1992

By: David K. Wachtel
David K. Wachtel, Jr.
President and Chief
Executive Officer

Date: June 2, 1992

By: Gregory L. Burns
Gregory L. Burns
Executive Vice President
Secretary and Chief
Financial Officer

Exhibit Index

Exhibit No.	Description	Sequentially Numbered Page
10.	Letter of Intent between O'Charley's Inc. and Logan's Management, Inc.	14
11.	Computation of Earnings per Common Share	23

Exhibit 10

O'Charley's Inc.
3038 Sidco Drive
Nashville, Tennessee 37204

June 1, 1992

Gentlemen:

This letter sets forth the intentions of O'Charley's Inc. ("O'Charley's") and Logan's Management Group, Inc., a Tennessee corporation (the "Management Group"), regarding the formation of Logan's as a Tennessee general partnership ("Logan's") for the purpose of acquiring an existing Logan's Roadhouse restaurant located in Lexington, Kentucky and developing additional Logan's Roadhouse restaurants. The terms of the proposed transaction include the following:

Capital Structure. Logan's shall be formed as a general partnership. The parties hereto shall have the respective partnership interest in Logan's as set forth on Exhibit A hereto. In addition, the parties shall enter into a definitive Partnership Agreement (the "Agreement") which will contain terms customary to a transaction of this type in addition to the terms and conditions hereinafter set forth.

Management Committee. The business and affairs of Logan's shall be administered by a Management Committee consisting of five members, two members to be designated by each of O'Charley's and the Management Group and one member to be selected by the designees of O'Charley's and the Management Group.

Transfer of Logan's Concept. The Management Group hereby represents that it owns all right, title and interest in and to the trademark "Logan's Roadhouse" and all proprietary information necessary for the development of Logan's Roadhouse restaurants. The Management Group shall contemporaneously with the execution of the Agreement assign all of such right, title and interest to Logan's. The Management Group agrees to indemnify and hold harmless Logan's and O'Charley's against any claims by third parties relating to the ownership of such trademark and proprietary information.

Acquisition of Logan's of Lexington. As soon as practicable following its formation, Logan's shall enter into an asset purchase agreement with Bluegrass Steaks, Inc. ("Bluegrass Steaks") to acquire certain assets and assume certain liabilities of Bluegrass

Steaks related exclusively to the Logan's Roadhouse restaurant located in Lexington, Kentucky. Such assets and assumed liabilities are described on Exhibit B hereto. Wachtel, as controlling shareholder of Bluegrass Steaks, hereby represents that Bluegrass Steaks has full power and authority to transfer such assets to Logan's. Logan's shall agree to indemnify and hold harmless Wachtel from and against, and agree to reimburse O'Charley's and Wachtel on demand for, any claim, suit, loss, damage, cost and expense (including reasonable attorney's fees and disbursements) arising out of all assumed liabilities. Logan's shall sublease from Bluegrass Steaks the existing building located at 1224 Harrodsburg Road, Lexington, Kentucky. The rental will be the greater of $148,000 per annum or 6% of sales. O'Charley's agrees to guaranty the payment obligations of Logan's pursuant to the sublease. The asset purchase agreement shall contain representations, warranties and covenants customary for a transaction of this type. Wachtel shall agree to indemnify and hold harmless O'Charley's and Logan's from and against, and agree to reimburse O'Charley's and Logan's on demand for, any claim, suit, loss, damage, cost and expense (including reasonable attorney's fees and disbursements) arising out of any liabilities of Bluegrass Steaks not assumed by Logan's or a breach of any of the representations, warranties and covenants made by Bluegrass Steaks in the asset purchase agreement.

Development. Subject to the conditions hereinafter set forth, O'Charley's agrees to provide and/or to arrange credit for the opening of up to two new Logan's restaurants during the first 24 months following the date of the definitive Agreement, 2 new Logan's restaurants during the following 24 months and 1 new Logan's restaurant during the following 12 months. Such credit shall be provided only for land, building and/or initial leasehold improvements; provided, however, O'Charley's shall also provide and/or arrange credit for furniture, fixtures and equipment and usual and customary pre-opening costs for such five restaurants in the event Logan's is unable after utilizing its best efforts to arrange for such credit with a third party lender. O'Charley's shall lease the land, building and/or leasehold improvements to Logan's for such restaurants. The terms shall be 15 years with two 5 year options in favor of Logan's. The annual rental shall be the greater of 3% over the 30 year bond rate times the cost of the project or 6% of the first 2 million in sales, 5% of the 2nd million in sales, and 4% of all sales thereafter. In the event of a lease or ground lease, the cost of the lease will be directly passed through to Logan's. Other financing, if provided, guaranteed or secured by assets of O'Charley's, shall be on terms, including payment schedule, security, covenants and events of default, equivalent to any financing which would be provided to

Logan's by unaffiliated third party lenders; provided, that (a) if directly financed by O'Charley's, the interest rate shall be equal to the interest rate paid by O'Charley's for borrowed funds plus 5% per annum and (b) if guaranteed by O'Charley's, O'Charley's shall receive a fee payable monthly equal to 2% per annum of the principal amount outstanding of such guaranteed indebtedness. All such financing shall be secured to O'Charley's by a first lien on the interest of the Management Group in Logan's. The obligation to provide credit hereunder is conditioned upon the Management Committee of Logan's approving and recommending to the Board of Directors of O'Charley's each new proposed restaurant, including a budget with respect thereto.

Contribution. The Management Group and O'Charley's shall contribute to any operating working capital shortfall of Logan's based on their respective pro rata ownership at the time of any such contribution. In the event either O'Charley's or the Management Group shall fail to so contribute, it shall suffer a proportionate reduction in its interest in Logan's. Logan's shall not extend payment of trade and accounts payable beyond reasonable and acceptable good business practice or otherwise take any action not in the best interest of Logan's in an effort to avoid any working capital shortfalls.

O'Charley's Option. For twenty-four (24) months following the earlier to occur of (i) fifteen (15) months following the opening of five new Logan's restaurants or (ii) five years from the date of the definitive Agreement, O'Charley's shall have the option (the "O'Charley's Option") to purchase the interest of the Management Group in Logan's. During the first twelve (12) months of the option period, the Management Group may not transfer or enter into any agreement to transfer its interest in Logan's. The option price for the Management Group shall equal the Management Group's pro rata share of the value of Logan's using its percentage interest at the time of exercise of the O'Charley's Option. The value of Logan's shall be calculated as of the date of exercise of the O'Charley's Option and shall equal 75% of the fair value of Logan's as determined by an investment banker mutually agreeable to O'Charley's and the Management Group. In the event O'Charley's and the Management Group are unable to agree upon an investment banker, each will select an investment banker to calculate the value of Logan's. In the event the investment bankers calculate a fair value for Logan's which differs by less than 10%, the fair value shall be the average of such calculations. If such calculations differ by more than 10%, the two investment bankers shall choose a third investment banker to calculate the fair value of Logan's. Such calculation shall be within the range calculated by the investment bankers selected by O'Charley's and the Management

Group. Each party shall be responsible for the fee of the investment banker selected by it. The parties will each pay one-half of the fee of any third investment banker. Such procedure for determination of the fair value of Logan's shall be final as to all parties. Upon exercise of the O'Charley's Option, O'Charley's may pay the option price in cash, shares of O'Charley's common stock or a combination thereof, in its discretion.

In the event O'Charley's has not fulfilled its obligations set forth under "Development," the O'Charley's Option shall terminate.

Right of First Refusal. In the event O'Charley's or the Management Group shall receive a bona fide offer for any part or all of their interest in Logan's, the other party shall have a right to purchase such interest at the price and on the terms contained in such offer; provided, however, that in the event O'Charley's shall exercise its right of first refusal during the second twelve (12) months of the O'Charley's Option period, it shall be entitled to purchase the interest of the Management Group at the lesser of the price contained in the bona fide offer or the price calculated pursuant to the formula used to determine the exercise price of the O'Charley's Option. In the event O'Charley's shall exercise its right of first refusal, it may substitute shares of its common stock in lieu of all or any portion of the consideration set forth in any bona fide offer at the market value thereof. In the event the Management Group shall exercise its right of first refusal, it shall cause O'Charley's to be released from liability, whether direct or indirect, for any and all indebtedness of Logan's or provide a letter of credit or other suitable security to secure the indebtedness. In addition, the Management Group shall cause O'Charley's to be repaid for any and all indebtedness of Logan's to O'Charley's.

Management Group Option. In the event O'Charley's shall not satisfy its obligations set forth under "Development," the Management Group shall have the option (the "Management Group Option"), for a period of 180 days following notice to O'Charley's of such failure to satisfy, to purchase the interest of O'Charley's in Logan's. The option price for purposes of this paragraph shall be calculated on the same basis as for the O'Charley's Option. As a condition to the exercise of the Management Group Option, the Management Group shall cause O'Charley's to be released from liability, whether direct or indirect, for any and all indebtedness of Logan's or provide a letter of credit or other suitable security to secure the indebtedness. In addition, the Management Group shall cause O'Charley's to be repaid for any and all indebtedness of Logan's to O'Charley's.

Registration Rights. In the event O'Charley's shall deliver shares of its common stock in payment of the O'Charley's Option price or pursuant to its right of first refusal, such shares of common stock shall be valued at the average closing sales price of such shares on the NASDAQ National Market System for the four calendar weeks immediately preceding the date of any such closing. In such event, the Management Group shall be granted one demand registration right and one piggyback registration right with respect to such shares of common stock, subject to such terms, conditions and restrictions as are customary in transactions of this type.

Wachtel Employment Agreement. Effective on the date of the definitive Agreement, the Employment Agreement between O'Charley's and David K. Wachtel dated April 15, 1988, as amended, shall be amended to provide that in the event of termination or expiration of the O'Charley's Option or if O'Charley's shall dispose of its interest in Logan's, Wachtel shall inform O'Charley's within six months of such event as to whether he desires to continue to serve as an officer of O'Charley's. In the event Wachtel desires to remain in such role, he will have up to 24 months from the date of termination or expiration of the O'Charley's Option to divest his interest in Logan's to an unaffiliated party in a bona fide arm's length transaction. In the event Wachtel does not divest all such interest within such time period, O'Charley's shall have the right to terminate Wachtel and such termination shall be deemed a termination "for cause" for purposes of his employment agreement; provided, however, that in the event of such termination Wachtel shall be entitled to retain all stock options then exercisable. Such employment agreement shall further provide that while employed by O'Charley's Wachtel shall not engage, whether directly, indirectly or as a nominee, in any business venture without the prior approval of O'Charley's Board of Directors. Failure to obtain such approval shall constitute cause for termination and such termination shall be deemed a termination "for cause" for purposes of his employment agreement.

Obligations of Toole and Moats. Each of David Toole and Ted Moats shall be responsible for the oversight of the day to day operations of the Logan's restaurants. Each of Toole and Moats shall devote substantially all of their efforts to the conduct of the operations of Logan's for the greatest advantage of Logan's and its investors. While employed by Logan's neither Moats nor Toole shall engage, whether directly, indirectly or as a nominee, in any business venture without the prior approval of Logan's Management Committee.

Covenants. Logan's shall not, without the approval of the members of the Management Committee, (i) incur any indebtedness, (ii) make any capital expenditures in excess of $50,000, (iii) incur any lien or other encumbrance upon or with respect to any property or assets of Logan's, or (iv) make any loans to, guarantees in favor of or investments in affiliated entities. Logan's shall not, without the unanimous approval of the partners (i) acquire the assets or stock of any entity or sell, lease, transfer or dispose of any portion of its assets, or (ii) issue any additional partnership interests or admit any new partners. In addition to the foregoing, Logan's shall cause to be prepared and delivered to O'Charley's monthly, quarterly and audited annual financial statements. Unaudited monthly and quarterly financial statements shall be delivered within 45 days after the close of each month or quarter, respectively; audited annual financial statements shall be delivered no later than 90 days following the end of each fiscal year.

Expenses. Logan's will bear its own legal and other expenses with respect to this transaction and will reimburse O'Charley's for one-half of its legal and other out-of-pocket expenses incurred by it in connection with the preparation of this letter of intent and formation of Logan's. In the event of exercise of the O'Charley's Option or the Management Group Option and the parties are able to agree on one investment banker, the fee of such investment banker shall be borne by the party exercising its option.

Distributions. All parties agree that a distribution shall be made pro rata to O'Charley's and the Management Group annually upon approval of the Management Committee based on a determination that any such distribution will not impair the capital of Logan's. If practicable, such distribution should be made on or before April 15 of each such year. Such distribution should be no less than the maximum tax liability incurred by any partner with respect to income earned on its investment in Logan's.

Non-Binding Agreement. This letter is not intended to constitute a binding agreement to consummate the matters set forth herein. The obligation of the parties to consummate such matters are conditioned upon, among other things, due diligence investigation conducted by representatives of O'Charley's regarding the Logan's Roadhouse to be acquired by Logan's not resulting in information which is materially adverse and execution and delivery of a definitive Agreement.

If you are in agreement that the foregoing correctly expresses our mutual intent, please execute this letter and return it to the undersigned.

Very truly yours,

O'Charley's Inc.

By: _____
Title: _____

Agreed to this 1st day of June, 1991.

Logan's Management Group, Inc.

By: _____
Title: _____

#132949

EXHIBIT A

Ownership Interest

Logan's Management Group, Inc.	
David K. Wachtel	40%
David Toole	10
Charles F. McWhorter	20
Edwin W. Moats	10
Total	80%
O'Charley's Inc.	20%

Exhibit 11

Exhibit 11

O'Charley's Inc.
Computation of Earnings Per Common Share
Sixteen Weeks Ended April 19, 1992 and April 21, 1991

(unaudited)

	1992	1991
	(in thousands, except per share data)	
Primary		
Net earnings as reported	$475	$347
Adjustments:		
Interest savings, net of tax	-	6
Net earnings as adjusted	$475	$353
Weighted average shares outstanding	4,392	4,031
Primary earnings per share	$0.11	0.09
Fully Diluted		
Net earnings as reported	$475	$347
Adjustments:		
Interest savings, net of tax	-	-
Net earnings as adjusted	$475	$347
Weighted average shares outstanding	4,392	4,031
Fully diluted earnings per share	$0.11	$0.09